



Section 1: Quarterly Summary of Activities

Introduction

Governor Mark R. Warner's Executive Order 50 (03) directs the Secretary of Technology or the Chief Information Officer (CIO) to prepare Quarterly Reports, beginning July 1, 2003, providing the status of IT reform implementation. The Final VITA Operating Plan, delivered on August 29, constitutes the delivery of the Quarterly Report for the period of July 1 to September 30, 2003.

This document represents the quarterly submission due January 1, 2004, covering October 1 to December 15, 2003 (except where noted). The initial Operating Plan submission dated August 29, 2003, which includes extensive base and reference documentation not repeated in this Quarterly Report, can be seen at

<http://www.vita.virginia.gov/docs/operatingPlan/operatingPlan.cfm>.

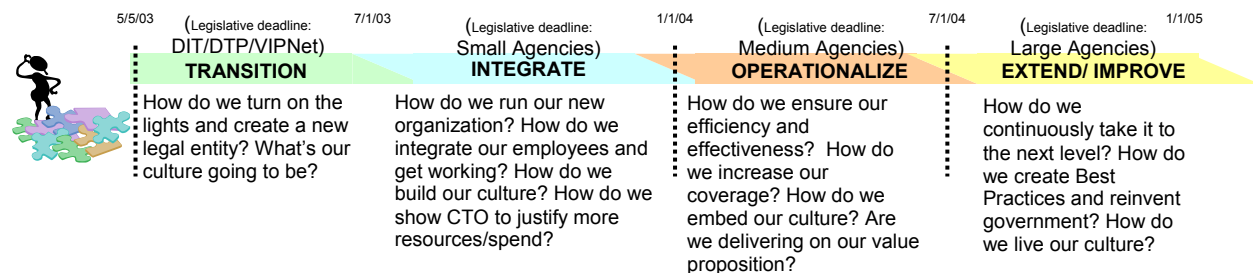
Over the past three months, substantial progress has been made in all areas of VITA operations. The Information Technology Investment Board, which supervises VITA and oversees major IT investments in the Commonwealth, has also established its initial organizational structure and is actively functioning in all aspects of its responsibilities. Thanks to the cooperation of small agencies and the assistance of the Virginia Department of Transportation, 35 small agencies were transferred to VITA services and support.

Reflecting these extensive activities and accomplishments, this Quarterly Report is organized into six major topics. These topics and their quarterly highlights are outlined below. Further detail on each topic is then provided in the remaining sections of this document and the accompanying appendices.

Quarterly Highlights

Phased Transition of Agencies

The legislation creating VITA calls for a phased transition of agencies to VITA services and support over an 18-month period, beginning with the creation of VITA in July 2003. The transition is divided into the following phases:



As seen in the chart on the previous page, VITA is completing the integration phase, including the transition of 36 small agencies (having fewer than 100 employees) to VITA support and services, and initiating the operational phase, including the transition of medium agencies (between 100 and 400 employees).

A full description of agency transition activities is located in Section 2 of this document. Highlights from the quarter include:

- **As of December 30, VITA successfully transitioned 35 of the 36 small agencies to VITA support and services.** The remaining small agency, the Board of Accountancy, voted in its November meeting not to transition to VITA. The matter has been referred to the Chairman of the Information Technology Investment Board.
- **The transition plan for medium and large agencies was developed, approved, and published.** The Medium Agency Transition Team (MATT) has been chartered to provide input and guidance to the medium agency transition process between January and July 2004, and will offer workshops for medium and large agencies in January 2004.
- **Funding for ongoing support of several small agencies remains an open issue.** Though VITA restored the anticipated savings that were swept from small and medium agency budgets, many small agencies are concerned about paying ongoing costs for VITA support.
- **The Virginia Department of Transportation, a large agency, has requested early transition (first quarter of 2004).** VDOT has assisted VITA in the establishment of the VITA organization and the transition of small agencies. Early transition by VDOT would facilitate ongoing support of the overall transition effort.

VITA Organization

The VITA Organization continues to grow and evolve throughout the transition effort, and will eventually include approximately 887 employees transitioning to VITA from small, medium, and large agencies. As can be seen in the chart below, the vast majority of employees comes in the final phase (large agencies include agencies with more than 400 employees).

Agency Size	Personnel Scheduled to Transition
Small	5
Medium	61
Large	820

More information about the VITA organization, including training initiatives, organizational chart, and employee "onboarding" process can be found in Section 3. Highlights for the quarter include:

- **Onboarding activities for all five employees mapped to VITA from small agencies has been completed or is underway.** The first two employees were welcomed to VITA on October 25, 2003. Two of the remaining three positions have

transferred to VITA's payroll effective December 25, 2003. Due to the holidays and vacation schedules, the transfer of the final position and the orientation portion of the onboarding process will be completed after the first of the year.

- **The Acquisition Services Directorate changed its name to Supply Chain Management and was reorganized to be better aligned with Procurement Reform initiatives.** "ProReform" is aimed at leveraging the Commonwealth's significant buying power, entering into innovative partnerships with suppliers, and supporting enterprise-wide procurement of IT-related products and services.
- **All staff members initially assigned to the Resource Development & Projects office have been reassigned and redeployed to other parts of the VITA organization.** Staff was assigned to the RDP in July, at the time the Department of Information Technology, the Department of Technology Planning, and Virginia Information Providers Network Authority were abolished. VITA is committed to providing state IT employees with career opportunities through training and re-skilling, and redeployment elsewhere within the VITA organization.
- **The VITA Staffing Plan was developed and approved for fiscal year 2004.** The Plan calls for attrition management and monthly reviews of new positions.

Infrastructure Initiatives

VITA is investing in its infrastructure to provide foundational services to its customers, to prepare for consolidation of equipment and services, and to provide excellent customer service to existing and newly transitioned VITA customers.

See Section 4 for additional information on VITA infrastructure initiatives, including base service improvements, telecommunications, and networking. Highlights for the quarter include:

- **VITA established two critical, foundational services—the VITA Customer Care Center and Agency Customer Contacts.** The VITA Customer Care Center (VCCC) is the single point of contact for customer agencies to resolve service problems, order new services, and seek assistance. The Agency Customer Contacts service provides customer support leadership throughout the Commonwealth.
- **VITA signed the four-year COVANET contract for a wide array of voice and data services, with more than \$12.5 million in savings.** Other base service improvements are underway, and are detailed in Section 4.
- **VITA is meeting or exceeding most performance metrics for service availability and responsiveness.** VITA systems and services remained fully operational throughout Hurricane Isabel and the storm aftermath.

Project Management

The legislation establishing VITA also created the Project Management Division within VITA to implement an integrated approach to the management of information technology investments for the Commonwealth. Quarterly activities related to the oversight and governance of IT projects, the Project Manager Development Program, and IT strategic planning can be found in Section 5.

Quarterly highlights include:

- **VITA submitted a list of prioritized technology investment projects for the 2004-2006 budget biennium to the IT Investment Board and the General Assembly.** The projects represent a broad range of initiatives across the Commonwealth.
- **VITA deployed the Commonwealth Project Manager Development Program.** The program is designed to provide information, resources, and affordable training opportunities to project managers throughout the Commonwealth.
- **On behalf of the CIO, VITA promulgated the Project Manager Selection and Training Standard.** The standard will help assure that project managers have the appropriate education, experience, and skills to manage projects successfully.
- **VITA provided initial Commonwealth Project Management Overview Training at no cost to participating agencies.** The training included an overview of project management in the Commonwealth, qualification testing, and affordable training opportunities.
- **Interim processes for IT Strategic Plan Amendment and Major IT Project Approval were implemented.**
- **VITA developed the Project Portfolio Database to facilitate IT Portfolio maintenance and reporting.**

Financial Update

Information on VITA's budget, projected revenues and expenses, rates for new services, and billing systems is available in Section 6. Highlights for the quarter include:

- **Interim rates for new services were reviewed and approved by the IT Investment Board and the Joint Legislative Audit and Review Commission.**
- **FY04-FY06 revenue and expense estimates were developed for all VITA services.** Internal Service Funds represent 67 percent of VITA's revenues, with 30 percent coming from special funds and the remaining 3 percent from general funds.
- **FY04/06 biennium budget requests were approved by the IT Investment Board.** Nine project or program requests, representing \$55.4 million above base funding, were submitted to the Department of Planning & Budget. A number of those requests are reflected in the Governor's Executive Budget.

- **FY 04 general funds for start-up costs have been received.** \$4 million in start-up costs have been shifted from general funds to internal service funds.
- **Revised VITA revenue and expense projections indicate an \$8.3 million shortfall in FY 04 and surpluses of \$1.8 million and \$3.4 million, respectively, in FYs 05 and 06.**

Information Technology Investment Board Actions

The legislation creating VITA calls for the creation of the Information Technology Investment Board and charges it with oversight of technology investments in the Commonwealth and responsibility for the planning, budgeting, acquiring, using, disposing, managing, and administering of information technology in the Commonwealth. The IT Investment Board has met monthly since its inception in August 2003. Actions of the Board are described in Section 7. Highlights for the quarter include:

- **The Initial Board organizational structure was established,** including the election of the vice-chair and the formation of several sub-committees.
- **The Board has undertaken an extensive nationwide search for the Chief Information Officer for the Commonwealth.** The Board approved the appointment of Cheryl Clark—VITA’s Deputy CIO—as Acting CIO, until such time as a CIO is appointed by the Board, in the event that the Board is unable to conclude hiring negotiations prior to January 1, 2004.
- **Board oversight of Commonwealth IT investments at the budget, project planning, and project development levels, has begun.**
- **The Board reviewed, amended, and approved the FY 05 and 06 biennial budget requests for VITA.** The requests were forwarded to the Department of Planning & Budget.
- **The Board reviewed and approved interim rates for new VITA services.** The Joint Legislative Audit and Review Commission (JLARC) approved the interim rates December 8, 2003.

Revisions to the Draft Quarterly Report

On November 25, 2003, VITA published the VITA Draft Quarterly Report reflecting activities and data from October 1 through November 15, 2003. VITA provided copies to the Information Technology Investment Board at its December 1 meeting and sought public comment and feedback through December 15. This Final VITA Quarterly Report includes revisions and updates. Significant changes include the following:

- Updated data on the small agency consolidation process (Section 2);
- Updates to plans for the medium and large agency consolidation processes (Section 2);

- Updated information on employee “onboarding” activities through the small agency consolidation process (Section 3);
- Information on the VITA Leadership Retreat held on December 15 (Section 3);
- Interim rates for new VITA services, as approved by JLARC on December 8 (Section 6);
- Information on the December 1 and December 10 meetings of the Information Technology Investment Board (Section 7).

Auditor of Public Accounts Review

The Auditor of Public Accounts (APA) completed a review to determine whether internal controls and automated systems at VITA are sufficient to provide the Information Technology Investment Board and the Chief Information Officer with timely and accurate financial information. The APA provided a draft report on December 15, with the final report anticipated in January 2004. In accordance with standard procedures for such reviews, VITA will provide a formal response to the findings to the APA.

The draft report provides recommendations in the areas of finance, governance, and planning to build upon best practices, and promotes a forward-looking, productive dialogue between the APA and VITA. Based on the draft report, VITA is comfortable with its ability to address the recommendations in an appropriate timeframe that is in keeping with the schedule for transition of medium and large agencies.

Comments and Questions

Comments and questions from the members of the IT Investment Board, the General Assembly, and other interested parties, are welcomed and encouraged. Comments may be conveyed electronically to ContactUs@vita.virginia.gov. Please submit written correspondence to:

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Updates and Publications

Consistent with Executive Order 50 (03), VITA will deliver Quarterly Reports to the General Assembly on a calendar quarter basis (January 1, April 1, July 1, and October 1). Quarterly Reports are published to the VITA Web site at <http://www.vita.virginia.gov/docs/docs.cfm>.